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Wilts, A.S.

published in

European Journal of Industrial Relations
2001

DOI (link to publisher)

[10.1177/095968010173003](https://doi.org/10.1177/095968010173003)

document version

Publisher's PDF, also known as Version of record

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citation for published version (APA)

Wilts, A. S. (2001). Europeanization and Means of Interest Representation by National Business Associations. *European Journal of Industrial Relations*, 7(3), 269-286. <https://doi.org/10.1177/095968010173003>

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European Journal of Industrial Relations 2001 7: 269

DOI: 10.1177/095968010173003

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Europeanization and Means of Interest Representation by National Business Associations

ABSTRACT ■ European integration has profound effects on national systems of industrial relations. To date, most empirical research has addressed the role of unions and organized labour; there has been far less attention paid to the impact of Europeanization on the strategic outlook and representational activities of organized business interests. This article draws on a survey of Dutch trade and employers' associations to argue that such organizations are in the process of adjusting their external affiliations to the demands of effective agitation in a multilevel governance system. However, the national level remains the most important focal point in the representational strategies of business associations.

Introduction

Europe's political economy is undergoing fundamental changes in the process of further EU integration (Crouch, 1995a). Existing welfare arrangements and established forms of collective bargaining have come under increasing pressure in recent years as political decision-making at the EU level has gained in importance. The Single European Act of 1987 and the Maastricht Treaty of 1992 have greatly furthered economic integration within the EU and brought changes in the scope and contents of Member States' social policies (Falkner, 2000). However, a European system of industrial relations characterized by tripartite forms of interest concertation and centralized collective wage bargaining has not emerged to replace national arrangements of interest intermediation (Gollbach and Schulten, 2000); national discretion in policy decision-making has remained (Streeck, 1998). European policies have thus supplemented, rather than replaced, domestic decision-making in the Member States and have enabled the latter to maintain diverse arrangements of collective bargaining and interest concertation.

The emergence of a multilevel governance system in the EU has

prompted nationally based interest groups to change their political strategies and to adjust these to the requirements of effective agitation in both the national and the European political arena (Ágh, 1996). This holds for individual firms and business representatives, but also applies to organized labour. The responses of national unions to the pressures emerging from European unification and the activities of European labour associations have been the topic of extensive empirical research (for example, Ebbinghaus and Visser, 2000; Turner, 1996). Also, the lobbying activities and political associations of larger firms have been investigated and shown to be important for the representation of business interests in Europe (Coen, 1998). On the other hand, the ways in which trade and employers' associations adjust their representational strategies to ongoing European integration have not received equal attention in the literature (Kohler-Koch, 1992).

The functioning of trade and employers' organizations (Business Interest Associations or BIAs for short) has been increasingly recognized as an important aspect of broader developments in national systems of industrial relations (Bennett, 1997a; Börzel, 1999; Vatta, 1999). This article contributes to the analysis of changes in the functioning of BIAs by asking how these organizations are adjusting to the requirements of effective interest representation in both the national and the European political arenas. Do business associations indeed differentiate their strategies toward both political levels and does the Europeanization of political decision-making increase the importance of European institutions for the organized representation of business interests?

To answer these questions, the article first identifies two analytical dimensions in national systems of industrial relations and then uses the example of developments in The Netherlands to arrive at empirical questions about ways of interest representation by BIAs. It presents the results of a survey of 103 business associations in The Netherlands and analyses patterns of contact between these associations and national and European authorities. With the help of the theoretical reflections and empirical observations of the article, these data provide some answers to the question of how BIAs are adjusting to the requirements of interest representation at both national and European levels. Lastly, the conclusion suggests further questions for comparative research into the functioning of BIAs in the EU Member States.

National Systems of Interest Intermediation

Two ideal-typical forms of institutional order in industrial relations systems are corporatism and pluralism, denoting two distinct ways of solving distributive conflicts in industrial societies through different

forms of interest concertation between labour, capital and the state. A corporatist system is defined as a hierarchically ordered arrangement in which collective bargaining and interest concertation are facilitated by the state, yet occur largely outside its formal parliamentary structures (Visser and Hemerijck, 1997: 66). Corporatist governance is thus characterized by well-established and centrally organized forms of wage bargaining, often enabled, but always sanctioned, by the state. Pluralism, by contrast, is defined as non-hierarchically ordered and is characterized by voluntary arrangements and decentralized forms of wage bargaining and interest concertation. In a pluralist system, such as at the EU level (Streeck and Schmitter, 1994: 185), the state typically refrains from extensive labour market regulation, leaving the concertation of interests to the market and to private arrangements instead.

Corporatism and pluralism, however, are very broad ideal-types, too broad in many respects to be useful research tools (Falkner, 1997: 10). Corporatist arrangements can, for instance, display distinctly pluralist traits such as a strong dependence of the state on the market to achieve a redistribution of welfare, for instance, through liberalization efforts. A pluralist system, in its turn, can include elements which on a strict definition would be dubbed corporatist. Such a system can, for instance, include established traditions of state legislation to induce or further forms of self-organization in wage bargaining and social security initiatives (Ebbinghaus and Hassel, 1999). For that reason, an alternative analytical distinction of the organizing principles of industrial relations systems is useful, namely, between the centralization of concertation efforts on the one hand, and on the other, the inclusion of interested parties in public decision-making procedures. In terms of these two dimensions, national systems of interest intermediation can be idealtypically classified as dominated by state policies, market relationships, corporatist arrangements or sector-specific combinations of those categories (Figure 1).

Collective bargaining and the political support of its outcomes can include large sectors of the economy or, alternatively, cover smaller sub-sectors and specific economic settings, right down to the level of individual firms (Gill and Krieger, 2000). The organization of interest concertation can therefore vary across national systems of interest intermediation and its effectiveness is likely to be evaluated differently by the parties involved (De Vries, 2000: 207). The actual arrangements through which interest concertation is realized (whether centralized or decentralized) will structure the involvement of societal actors in public decision-making processes (Visser and Hemerijck, 1997: 70). Hence the institutional organization of concertation and bargaining procedures greatly affects the opportunities for actors to attempt to influence policy outcomes. Systems of interest intermediation can therefore be distinguished both in terms of degrees of centralization

FIGURE 1. Dimensions of National Systems of Interest Intermediation

Inclusion of interested parties	Concertation efforts		
	<i>centralized</i>		<i>decentralized</i>
	<i>strong</i>	(classic) corporatism	mixed system / sector-specificity
	<i>weak</i>	state	market

and of the inclusion or integration of the organized interests of labour and capital in public decision-making procedures. The outcomes of these procedures in their turn are dependent upon the societal support mobilized by the representatives of those organized interests (Traxler, 1995).

The extent to which interested parties are included in public decision-making is not only reflected in their opportunities to influence policy outcomes, but also in the strategic outlooks of these parties. In the UK, for instance, neo-liberal policies during the 1980s and early 1990s have left the settlement of interest disputes largely to private initiative. Political developments have thus resulted in social partners not necessarily looking to centralized and state-guided forms of interest concertation (Bennett, 1997b). This situation differs from that in Germany, to take one contrasting example, where interest concertation is not predominantly embedded in market relations, but is subject to well-established collective arrangements instead (Jacobi et al., 1992). Despite these differences, however, the concertation of collective interests in both countries depends on effective coalition building, either among interest groups or between them and the state (compare Scharpf, 1997).

The embeddedness of interest representation in various coalitions and network relations affects interactions between BIAs and their national and, for instance, European partners, as well as interactions between these associations and their members. Membership will be positively valued by individual firms as long as the association in which they are a member is able to justify the costs of membership by demonstrating influence on political decision-making (Schmitter and Streeck, 1999). To achieve such influence, there are different strategies available and various possible routes open to BIAs (Bennett, 1997b). The effectiveness of these strategies and routes largely depends on the organization of forms of

collective bargaining and interest concertation. Corresponding to the dimensions of centralization and inclusion of national systems of interest intermediation, then, three types of dominant representational strategies of BIAs can be distinguished, namely, direct interest representation directed toward the representatives of labour, lobbying directed toward state actors, and service provision directed toward the members themselves. In a system dominated by market relations, collective interest representation loses much of its significance; thus, in an ideal-typical market economy, BIAs are largely redundant or take on a commercial role — as appears to be the case in the UK (Figure 2).

By representing their members' interests and operating on behalf of these, BIAs have traditionally played an important role in mobilizing societal support for collective arrangements and government policies. That role is now changing. Given the often rapid developments at European level, BIAs are pressured to find new ways of interest representation and to adjust their external affiliations accordingly (Eising and Kohler-Koch, 1994). The discussion in this section thus leads to two straightforward empirical questions. Under what conditions do BIAs supplement existing forms of interest representation with new strategies directed toward EU institutions? Alternatively, in what circumstances do they retain a primary or exclusive orientation toward national institutions and established representational strategies instead?

In the next two sections, the example of developments in The Netherlands and the functioning of Dutch BIAs is used to address these questions. After that, in the fifth section, the Dutch results are placed in a broader context and the similarities between developments in The Netherlands and in other Member States are addressed.

FIGURE 2. Methods of Interest Representation by BIAs

Concertation efforts		
Inclusion of interested parties	<i>centralized</i>	<i>decentralized</i>
	<i>strong</i>	
	representing collective interests	service provision / product differentiation
	<i>weak</i>	
	lobbying	redundant

Organized Interest Representation in The Netherlands

The Dutch system of industrial relations has undergone a number of fundamental changes since the early 1980s. With unemployment levels approaching 10 percent and economic growth rapidly declining, economic challenges had by 1982 taken on dramatic proportions (De Kam et al., 1988). The economic situation at the time prompted a number of initiatives to reorganize the social security system and led to a more proactive labour market policy by the national government (Becker, 2000). Among the social partners, the turn away from traditional concepts of macro-economic policy and state responsibility was marked by mutual agreement on the need of voluntary wage constraints and labour time reduction, finalized in the much-discussed *Wassenaar* agreement of 1982 (Visser and Hemerijck, 1997: 16). The signing of this agreement signalled the start of a major overhaul of the Dutch welfare state, which included the emergence of new forms of interest concertation that distinguish The Netherlands from other EU Member States such as Germany and France (Ebbinghaus and Hassel, 1999: 8).

Political changes in The Netherlands since 1982 have included the spread of decentralized forms of wage bargaining at sectoral level and have resulted in the 'primacy of self-regulation in industrial relations' (Hemerijck, 1995: 215). However, this development did not undermine the practical importance of organized interests, and membership of interest organizations has generally remained high. Trade union membership decreased during the first half of the 1980s, a period characterized by continuingly high levels of unemployment; but since 1990 it has increased again, following the steady fall of unemployment rates from 9.7 percent in 1983 to only 3.5 percent in the year 2000.

With most larger firms being associated in sectoral or national employers' and trade associations, the degree of organization of business interests in The Netherlands has traditionally been high (Visser, 1992: 333). More than 80 percent of employees in the private sector, for instance, are subject to collective agreements, in spite of a density of union organization around only 30 percent (Visser and Hemerijck, 1997: 83), and this is an indication of the practical significance of the representational activities of BIAs. Business associations thus have remained important actors in the Dutch system of industrial relations. Economic trends, furthermore, have reinforced the basis for BIAs to relate to unions and also to represent the interests of their members within the political process. For instance, the number of companies has increased slowly, but steadily, since 1982, and the new firms are all potential members of BIAs (Traxler, 1995).

Alongside demographic and technological changes, the situation of the Dutch economy since the early 1980s has been marked by stronger international competition and a changing role for economic policies by the

national government. Perhaps the most remarkable feature of recent developments in The Netherlands, however, is the stability of institutional structures and bargaining procedures. Despite often fundamental changes in the policy process, the transformations since the early 1980s have left a corporatist system in place, one no longer characterized by traditional forms of state support, but still strongly dependent on tripartite arrangements and voluntary agreements by the social partners (Hemerijck, 1995: 220). Both unions and business associations, moreover, can still exert often considerable influence on public decision-making in The Netherlands, characterized as it is by strong traditions of consensual politics and compromise seeking (Crouch, 1995b: 320).

The shift in the system of industrial relations in The Netherlands toward a decentralized form of corporatist governance has in many respects been strengthened by European developments occurring at the same time. The emergence of a European polity and, above all, the creation of the Single Market have resulted in a stronger international orientation of the Dutch economy and a greater importance of trade within the EU. In the process, national organizations and political agencies have lost much of their former decision-making capacity; hence, they are no longer necessarily the most obvious partners for BIAs when it comes to representing their members' interests. Economic and political changes put national BIAs under further pressure as their members become more strategic in evaluating the costs and benefits of membership (Bennett, 1997b: 70). That is, national BIAs run the risk of losing members to their European counterparts when political decision-making is increasingly located at the EU level. Against this background, national trade and employers' associations, more than before, are forced to look to European partners, be they political authorities or other national and European BIAs, in order to represent their members' interests.

Arguably, these developments are reflected in changes in the representational strategies of BIAs in The Netherlands. The complexities of the EU policy process, the many different institutions involved in that process and the transference of decision-making authority away from the national level combine to force them to identify new goals, and to adopt new strategies to achieve these. Recent interviews at the four largest intersectoral associations in The Netherlands, for instance, have confirmed that information brokering and the provision of tailored services are becoming very important for these associations as means of retaining their members. To some extent this undermines their role as providers of collective goods. Product differentiation (that is, individualizing the services and advice provided to members, for example, on topics related to EU regulations) does, however, fit the system of decentralized corporatism as it has emerged in The Netherlands under the impact of domestic and European pressures.

Changes in the Dutch system of interest intermediation thus affect the strategic outlook of BIAs, and oblige them to reassess the strategic importance of existing relations with national partners and to supplement those relations with new affiliations with European bodies and authorities. Moreover, changes at the EU level itself reinforce this process and provide Dutch BIAs with additional reasons and opportunities for building new coalitions and reassessing the strategic importance of existing affiliations at national level. The discussion in this section thus supports the hypothesis that the Europeanization of political decision-making forces national BIAs to adapt to a new policy environment, by differentiating their representational strategies and, ultimately, adjusting their internal structures and decision-making procedures to the demands of effective interest representation in a multilevel governance system. BIAs are accordingly expected to turn increasingly to the European level when representing their members' interests. But is there empirical evidence that this is actually occurring? This question is addressed below through a survey of the contacts that Dutch BIAs maintain with political agencies and authorities at the national and European levels.

Business Interest Associations in The Netherlands

As a first step in investigating changes in the functioning of BIAs, a survey was undertaken of trade and employers' associations in The Netherlands. Between December 1999 and April 2000 a questionnaire was sent to 289 Dutch associations, drawn from the European Organized Interests (EOI) Database maintained at the Max Planck Institute in Cologne, Germany. They were questioned about the nature and frequency of their contacts with national and European authorities and political agencies and about the services they render to their members. After a second reminder, 103 organizations had sent back a completed questionnaire, representing a response rate of 36 percent: a good response rate for a survey of this kind. The survey covers all economic sectors and includes responses from a large section of Dutch business associations. Among these, it may be assumed, are disproportionately included the organizations with an active interest in European developments. The survey can be seen with some confidence as providing reliable insight into the ways in which associations in The Netherlands operate and represent their members' interests at both national and European levels. A detailed breakdown of responses is provided in Table 1.

The survey includes responses from BIAs in a large number of sectors and sub-sectors, ranging, for instance, from waste management and roofing to financial services and biotechnology. With 27 out of 103 respondents, associations from the construction sector constitute the

largest group in the survey. Other sectors which are well represented are services, manufacturing, agriculture and chemicals. In 31 cases (30 percent of all respondents), the associations employ more than 10 full-time staff. The average number of salaried staff of the associations in the survey lies between 5 and 10 full-time equivalents. In terms of the average number of companies represented, associations from hotels and tourism, retail and transport are the largest in the survey. On average, also, these associations represent between 10,000 and 20,000 employees. The size of the associations responding (whether measured by the number of member firms or the number of full-time staff) is relatively even across sectors.

The associations which responded to the survey have relatively limited financial resources, with roughly half indicating that their average annual budget since 1990 had not exceeded €340,000. This is an important observation, since Kohler-Koch and Quittkat (1999) found a positive correlation between BIA budgets and the nature of their representational activities at European level. Some 29 respondents (just over a quarter) were from organizations with an annual budget exceeding €900,000 (Fl2m), the highest category specified in the questionnaire. Following Kohler-Koch and Quittkat, these associations can be expected to be the most active in terms of maintaining national and European partnerships. This expectation, however, is only partly confirmed by the survey results. These reveal a significant, yet very small, correlation between the budget of Dutch BIAs and the frequency of their contacts with national authorities and political agencies. In terms of European contacts, no such correlation existed.

The financial resources of BIAs are an indication of their capacity to engage actively in forms of interest representation and lobbying, both at national and (particularly) European levels. These capacities are further strengthened when business associations become financially more independent of their members. The survey found that respondents across all sectors finance almost their entire annual budgets out of membership fees; and, further, that charges for specific and individualized services do not constitute an important source of income. A greater service orientation, which would foster relative financial independence, is thus not reflected in the budgets of the responding associations. This is an important observation since it has been shown that the size and composition of associations' budgets greatly influences whether they concentrate their representational activities at national level or devote significant attention to the European institutions (Bennett, 1997b).

The respondents on average spend more than 40 percent of their annual budgets on forms of direct interest representation, for instance, by maintaining salaried staff at their headquarters. This figure, however, varies considerably across sectors: associations in chemicals spend only 21 percent of their annual budget on direct representation, whereas those in

TABLE 1. Size, Financial Strength and Contact Patterns of Respondents, by Sector

	Agriculture	Banking	Chemicals	Commerce	Construction	Fisheries	Hotels	Manufacturing	Inter-sectoral	Retail	Services	Transport	Utilities	Other	Total
1. Number in sample	9	4	9	2	27	1	3	12	4	6	14	5	2	5	103
2. Average size															
Staff since 1990 (ite)	5-10	10-20	5-10	0-5	5-10	0-5	10-20	5-10	0-5	5-10	5-10	10-20	0-5	5-10	5-10
Number of members	50-99	50-99	50-99	100-199	50-99	1-49	200-499	50-99	100-199	200-499	100-199	200-499	50-99	100-199	100-199
Employees repr. (×1000)	5-10	5-10	2.5-5	1-2.5	5-10	1-2.5	10-20	2.5-5	1-2.5	10-20	10-20	10-20	10-20	5-10	5-10
3. Average budget															
Total (×1000 Hfl)	750-1000	750-1000	500-750	250-500	500-750	125-250	750-1000	500-750	500-750	1,000-2,000	750-1000	>2000	1,000-2,000	250-500	500-750
3. Sources of income (%)															
Memberships fees	84	100	99	100	84	20	78	84	75	75	92	84	100	90	86
Sales	8	0	0	0	6	0	3	9	0	7	1	7	0	3	5
Other sources	8	0	1	0	10	80	19	7	25	18	7	9	0	7	9
4. Expenditure (%)															
Direct representation	48	42	21	75	45	80	35	34	35	36	53	60	58	15	43
Service provision	29	33	19	20	26	0	20	25	25	43	27	28	3	48	27
Payments to other orgs.	12	12	17	5	5	20	8	13	8	13	11	5	15	6	9
Other	11	13	43	0	24	0	37	28	32	8	9	7	24	31	21
1. National contacts*															
Government	2.9	3.0	2.6	3.0	1.8	3.0	1.7	1.7	2.3	2.3	2.6	2.8	1.0	1.4	2.2
Parliament (House)	3.0	3.0	2.2	2.5	1.6	3.0	2.0	2.4	1.8	2.5	2.5	3.2	0	1.4	2.2
Bi- & tripartite bodies	1.8	1.5	1.8	1.5	1.1	3.0	1.3	1.5	0.8	2.7	2.0	2.2	1.0	1.0	1.6
Regulatory agencies	1.4	2.5	2.9	1.5	2.0	0	1.3	2.4	1.0	1.2	1.6	1.4	0	2.0	1.8
2. European contacts*															
DGs	2.6	2.0	2.0	3.5	1.0	4.0	1.7	2.6	1.5	2.2	1.9	3.0	0	1.2	1.9
Council	1.3	1.3	0.4	3.0	0.2	3.0	0.3	0.3	0.3	0.8	0.8	1.6	0	0.3	0.7
Coreper	1.1	0.8	1.3	0	0.5	4.0	0.3	0.9	0	0.7	1.1	1.4	0	0.3	0.8
EU Parliament	2.3	2.3	1.6	2.5	0.8	3.0	1.3	1.5	1.3	2.2	1.8	2.2	0	0.4	1.5
EU Regulatory agencies	0.8	0.5	1.6	0	1.3	3.0	0.7	1.7	0	0.3	0.8	0.5	0	1.0	1.1

* Average frequency: 0 = never, 1 = seldom, 2 = at least once a year, 3 = at least twice a year, 4 = at least monthly

fisheries and commerce spend 75 percent or more. Interestingly, on average the respondents spend less than 10 percent of their annual budget on payments to other organizations, including membership fees for European peak associations.

Trade unions have traditionally been important interlocutors of business associations. However, fewer than half of the associations responding to the survey engage in direct negotiations with unions (see Table 1). That is, the most important interaction partners do not seem to be the organizations that represent the collective interests of workers. The survey data indicate that BIAs in The Netherlands have greater contact with government representatives and other business associations. These observations may owe something to the weaker coverage of sectoral collective bargaining in The Netherlands compared to most other EU countries, but are also in line with the analysis of Traxler (1995), who has argued that business associations engage in a form of interest politics which is structurally different from that pursued by trade unions. The power resources of BIAs are not determined by maximum membership, but by the quality of the contacts that these organizations maintain with political actors.

Dutch BIAs maintain direct contacts with national political agencies as well as indirect contacts through the bipartite and tripartite bodies that are generally considered to be typical of the system of interest intermediation in The Netherlands. The survey shows that in all sectors the most frequent and, arguably, the most important contacts with the national government administration are with top-level staff in the various ministries. The most frequent contacts with legislators are maintained with individual members of parliament and with committees of both houses. Contacts with national regulatory agencies are, however, less frequent than might be expected, given the significance of technical standardization as a regulatory instrument in the European Single Market.

The organizations in the survey that maintain very frequent contacts at the highest national political level come from all sectors. These tend to have the largest staff as well, and the highest budgets, and also to have the greatest number of members. Again, this confirms the observations of Kohler-Koch and Quittkat (1999), who found that the organizational size of business associations is an important explanatory factor when analysing their strategies toward national and, in particular, European institutions. For respondents to the survey, the frequency of contacts with European institutions is, however, generally lower than that of contacts with national authorities.

On average, direct contacts at European level are most frequently with officials of the various Directorates General (DGs). Contacts with Coreper (Committee of Permanent Representatives) are less frequent than could be expected, given its key importance in shaping decisions by

the Council. The lobbying activities of Dutch BIAs are directed toward both the administrative and legislative institutions of the EU. The data indicate that associations also try to influence European decision-making through direct contacts with members of the European Parliament. This supports the observation by Bouwen (2000) that interest representation at EU level, to an important extent, consists of lobbying and providing information and expertise to decision-makers in the European institutions. Not many associations in the Dutch survey, however, have a separate office in Brussels from which to undertake these functions, despite the importance of permanent representation in Brussels (Lewis, 1998).

The survey data indicate that Dutch BIAs still are very much nationally oriented when it comes to representing their members' interests. This means that the expectation that BIAs are shifting their representational strategies toward the European level is only partly confirmed. The survey suggests that many associations are indeed developing new alliances and extending their activities to supranational levels of political decision-making. However, it also shows that this does not hold for all BIAs, since many remain strongly nationally oriented.

The main empirical insight to be derived from this survey is thus twofold. First, BIAs in The Netherlands do indeed seem to be in the process of adjusting their external affiliations to the demands of effective interest representation at both the national and European levels. Second, however, not all organizations maintain contacts at both levels of political decision-making. Many associations still concentrate their representational activities on authorities and government agencies in The Netherlands alone.

Interest Representation in a Multilevel System

The discussion in the second section of this article led to two questions concerning BIAs in the Member States. Under what conditions do they supplement existing forms of interest representation with new strategies toward EU institutions? Conversely, when do they maintain an exclusive orientation toward national institutions and a commitment to established representational strategies instead? The survey suggests an answer to these questions in the Dutch case, namely, that the way in which associations are adjusting their representational strategies to current developments in the EU is both structured by organizational and sectoral characteristics and can only materialize within the limits set by the organizational principles of national systems of interest intermediation.

The data presented in the previous section confirmed the observation by Kohler-Koch and Quittkat (1999) that organizational characteristics such as the number of members and the size of annual budgets are important

explanatory factors for the extent to which associations supplement national with European strategies. In addition, they indicate the importance of sectoral characteristics in explaining differences in the frequency of contacts with national and European institutions, partly also reflecting differentiation within European policy-making. Sectors such as agriculture, banking and transport have been 'Europeanized' to a very high extent, whereas construction and retail distribution are typically more nationally oriented and less subject to EU regulation. These differences between sectors are reflected in the results of the Dutch survey.

The variation observed between BIAs in terms of their national and European involvement has an important implication: that these organizations are confronted with different tensions in the multilevel governance system that is emerging in the EU. The decentralized nature of collective bargaining in The Netherlands and the centralized character of political decision-making at European level require different forms of interest representation. However, differently organized associations, operating in a variety of economic sectors, will not be equally suited to respond to the need to establish strategies that fit both national and European requirements.

Because of the complexities of EU decision-making and the lack of corporatist structures in the EU policy process, interest representation at EU level calls especially for lobbying and information-brokering activities (Bouwen, 2000). Not all organizations are able to develop such strategies, since for most BIAs lobbying activities and information brokering extend collective interest representation beyond those functions which traditionally constitute their core task (Traxler, 1995). Those associations that traditionally focus almost exclusively on national authorities may therefore be precluded from effective influence on European developments that, however, increasingly delimit the scope for effective interest representation at national level (Streeck, 1998). This may lead to problems for these associations in justifying the costs of membership by demonstrating the effectiveness of their representational strategies (Schmitter and Streeck, 1999). When, on the other hand, organizations do turn to the European level, they may be confronted with similar problems in retaining their members. In many cases, the actual results of lobbying activities and of information processing at the level of European institutions are difficult to demonstrate. Direct forms of interest representation at EU level, such as participation in social dialogue committees, moreover, may fail to win membership allegiance because of their lack of authority, itself a consequence of the reluctance by European employers' federations to grant them more formal influence (Greenwood, 1997: 172).

Internal reorganizations of BIAs, enabling a greater differentiation of representational activities and an effective mutual adjustment of national and European strategies, can therefore occur only within the limits of the

requirements of interest representation that are set by the characteristics of national systems of industrial relations. These systems are not likely to change uniformly across the Member States under the pressure of European integration. The extent to which the balance of power in national systems of industrial relations is altered by European regulations varies according to the specific content of European policies (Knill and Lehmkuhl, 1999). Changes at national level are also more likely to occur when the incompatibility between European policies and national institutions is greatest (Börzel and Risse, 2000). The effects of Europeanization will therefore vary both across Member States and across sectors (Radaelli, 2000). For that reason, despite continuing European unification, patterns of interest politics in the Member States will continue to differ and the variation between their national systems of interest intermediation is likely to increase.

This expectation, then, could form the basis for questions for further comparative research into interest intermediation in the Member States and the role of national business associations. Is there evidence of convergence, or on the contrary, is diversity persisting and even increasing? Is a European system of industrial relations emerging in a meaningful sense, and, if so, how does this shape changes in systems of interest intermediation at national level? How do business associations respond to these changes, and what happens to associations which fail to adapt to changing political circumstances? Will they eventually redefine their role and take on new organizational functions? Will they merge with other associations, or will they simply disappear?

The analysis in this article suggests a tentative answer to these questions, namely, that national patterns in the Member States are reinforced by European developments, while, at least partially, a European system of interest intermediation is emerging, adding a level of interest representation above existing national arrangements. In the multilevel system that is thus emerging, associations are under pressure to diversify or differentiate their representational strategies. The growing complexity of interest representation in the Member States that follows from this development should, in particular, be observed in the contacts that individual BIAs maintain within and across the boundaries of national systems. It is particularly in those contacts that the effects of Europeanization on systems of interest intermediation and on the functioning of business associations can be empirically investigated and compared.

Conclusion

The introduction to this article posed the following question: how are BIAs adjusting to the requirements of effective interest representation at

both national and European levels? It was observed that there have been few empirical studies addressing this question, and that adequate theoretical explanations of differences and similarities between changes in patterns of interest intermediation in the Member States are largely lacking. In order to contribute to the empirical investigation of changing forms of interest intermediation, national systems of interest representation were classified in terms of the centralization of interest concertation and the inclusion of interested parties in public decision-making. It was subsequently argued that different representational strategies of BIAs fit the various possible configurations of these variables.

The example of The Netherlands was used to show that only certain business associations differentiate the representation of their members' interests toward national and European institutions. It was also found that the national level of political decision-making has remained of key significance for the organized representation of business interests. Trade and employers' organizations in The Netherlands often interact only with national authorities and political agencies and do not supplement these representational activities with European involvement. The Europeanization of public decision-making is in some cases reflected in frequent contacts between national BIAs and EU institutions; but even in these cases, European activities do not appear to lessen the significance of their contacts with national authorities and agencies. The Europeanization of public decision-making thus adds a level of interest representation and makes existing bargaining and concertation arrangements more complex. Given the existing differences between systems of interest intermediation in the Member States, national patterns of interest politics in Europe are therefore becoming increasingly varied and diverse. Under the threat of losing their members (and thereby their resources) business associations, then, are faced with the challenge to adapt to that variety and to adjust their representational strategies accordingly.

ACKNOWLEDGEMENTS

I wish to thank Jelle Visser and Christine Quittkat, as well as the editor of this Journal and two anonymous referees, for their helpful comments and suggestions. Thanks are also due to the Max Planck Institute for the Study of Societies, Cologne, Germany, for access to the European Organised Interests (EOI) Database.

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